Press Release

Estimating the Impact on the U.S. Economy of Revoking Permanent Normal Trade Relations for China

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In response to the Chinese Communist Party's well-documented human rights abuses and the significant threat it poses to U.S. national security, many in Congress and several presidential candidates have proposed revoking permanent normal trade relations (PNTR) for China. In new research, Director of International Economic Policy Tori Smith and Data and Policy Analyst Tom Lee analyze the impacts of revoking China's PNTR on the U.S. economy.

Key points:

- Revoking PNTR would mean increasing the average tariff rate for imports from China from 3.5 percent to 40 percent – a dramatically higher rate than is applied under the Section 301 tariffs that have cost Americans $190 billion since 2018.
- This research estimates that revoking PNTR would decrease U.S. gross domestic product (GDP) by $15.9 billion, decrease total exports by more than 17 percent, and increase consumer prices by 5.9 percent.
- In the event China retaliates in a reciprocal manner, U.S. GDP would fall by $24.8 billion, total exports would decrease by 44.3 percent, and consumer prices would rise by 5.2 percent.

Read the analysis

See the related piece in Politico